

Message Text

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R 130243Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

AMCONSUL LUBUMBASHI

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E.O. 11652: N/A

TAGS: EGEN

SUBJECT: GOZ REQUEST FOR EXIMBANK LINE OF CREDIT

REF: KINSHASA 2698

1. SINCE DISCUSSIONS OF PROPOSED DOLS 20 MILLION BOP CREDIT
LAST JULY EXIMBANK HAS AUTHORIZED OR IS CONSIDERING VARIOUS FORMS OF
ASSISTANCE FOR GOZ (INGA-SHABA OVER-RUN FINANCING TOTALING
DOLS 68.5 MILLION PLUS WILLINGNESS TO
ENTER INTO DEBT RESCHEDULING) WHICH WILL RESULT IN FLOW OF
EXIMBANK RESOURCES INTO ZAIRE WELL BEYOND WHAT BANK CONTEMPLATED
NINE MONTHS AGO. AN ADDITIONAL AND VERY SIGNIFICANT PROBLEM
THAT HAS ARISEN SINCE JULY IS
INCREASING CONGRESSIONAL SKEPTICISM, MOST RECENTLY EXPRESSED IN
THE SENATE REPORT ON FOREIGN ASSISTANCE AND RELATED PROGRAMS
APPROPRIATIONS ISSUED MARCH 18, 1976, THAT EXIMBANK ASSISTANCE
NOT APPROPRIATE FOR COUNTRIES HAVING LONG-TERM BOP DIFFICULTIESM
CONGRESS HAS REQUESTED THAT IT BE CONSULTED PRIOR TO APPROVAL
ANY EXIMBANK BOP CREDIT FOR ZAIRE, AND COULD WELL OPPOSE SUCH
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CREDIT.

2. TAKING ACCOUNT OF THESE PROBLEMS BUT ALSO OF THE FACT THAT EXIMBANK CREDIT HAS BEEN OFFERED GOZ AS PART OVERALL USG ASSISTANCE PACKAGE, EXIMBANK CONTINUES WILLING TO CONSIDER IMPLEMENTATION ITS PORTION OF PACKAGE, BUT ON SOMEWHAT MODIFIED BASIS. THIS WOULD INVOLVE COMBINATION OF DIRECT CREDIT AND FINANCIAL GUARANTEE EXPOSURE OF DOLS 20 MILLION TO FINANCE US EQUIPMENT AND SPARE PARTS TOTALING DOLS 25 MILLION REQUIRED BY GECAMINES. SUCH ASSISTANCE COULD BE APPROVED ON LONGER REPAYMENT TERMS THAN ITEMS IN SUBJECT APPLICATION SINCE RAW MATERIALS (ABOUT 1/3 OF APPLICATION) MERIT TERMS OF ONLY 180 DAYS, AND WOULD HAVE ADVANTAGE OF CONCENTRATING EXIMBANK FINANCING ON ELEMENT OF ECONOMY MOST DIRECTLY CONCERNED WITH INCREASING FOREIGN EXCHANGE EARNINGS.

3. ACCORDINGLY, EXIMBANK PREPARED TO SEND LOAN OFFICER JOHN LENTZ AND MINING ENGINEER LOUIS GAGGINI TO KINSHASA/LUBUMBASHI TO DISCUSS ABOVE FINANCING WITH GOZ/GECAMINES. TEAM PREPARED TO RECEIVE FORMAL APPLICATION LETTER FROM GECAMINES FOR AMOUNT INDICATED ABOVE WHICH SHOULD CONTAIN DETAILS ON TYPES OF EQUIPMENT, ESTIMATED DELIVERY DATES, AND PROBABLE US SUPPLIERS. VISIT WOULD ALSO PERMIT THOROUGH REVIEW OF GECAMINES OPERATIONS FROM FINANCIAL AND TECHNICAL VIEWPOINTS. TEAM EXPECTS ARRIVE KINSHASA APRIL 18 QC FLIGHT #011, DEPART FOR LUBUMBASHI APRIL 20 QC FLIGHT #021, AND LEAVE LUBUMBASHI APRIL 23 QC FLIGHT #010 FOR KINSHASA/PARIS. EMBASSY/CONSULATE ASSISTANCE IN MAKING HOTEL RESERVATIONS AND IN TRANSLATION WOULD BE APPRECIATED. TEAM HAS OTHER BUSINESS TO CONDUCT IN KINSHASA WHICH WILL BE DETAILED IN SEPTEL. KISSINGER

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